



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of **California-American Water Company** (U 210 W), to Decrease Revenues for Water Service in its Coronado District by (\$73,100) or (0.46%) in 2008 and Increase Revenues by \$266,200 or 1.67% in 2009 and \$260,900 or 1.61% in 2010.

A.07-01-036  
(Filed January 22, 2007)

Application of **California-American Water Company** (U 210 W), to Increase Revenues for Water Service in its Larkfield District by \$1,272,000 or 61.91% in 2008, \$134,300 or 3.94% in 2009 and \$129,900 or 3.67% in 2010 Under the Current Rate Design or Decrease Revenues by (\$742,200) or (36.12%) in 2008 and Increase Revenues by \$50,000 or 3.72% in 2009 and \$63,500 or 4.55% in 2010 Under the Proposed Rate Design.

A.07-01-037  
(Filed January 22, 2007)

Application of **California-American Water Company** (U 210 W), to Increase Revenues for Water Service in its Sacramento District by \$8,966,900 or 33.89% in 2008, \$1,905,700 or 5.36% in 2009, and \$1,860,700 or 4.97% in 2010 Under the Current Rate Design or by \$10,981,000 or 41.50% in 2008, \$1,925,900 or 5.11% in 2009 and \$1,845,600 or 4.66% in 2010 Under the Proposed Rate Design.

A.07-01-038  
(Filed January 22, 2007)

Application of **California-American Water Company** (U 210 W), to Increase Revenues for Water Service in its Village District by \$1,537,300 or 7.43% in 2008, \$243,400 or 1.08% in 2009, and \$232,900 or 1.02% in 2010.

A.07-01-039  
(Filed January 22, 2007)

**NOTICE OF EX PARTE COMMUNICATION  
OF THE DIVISION OF RATEPAYER ADVOCATES**

Pursuant to Rule 8.3 of the California Public Utilities Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA"), hereby provides notice of a written ex parte communication with Commissioner Bohn, Commissioner

Peevey, Commissioner Chong, Commissioner Grueneich, Commissioner Simon and Assigned Administrative Law Judge (“ALJ”) Linda Rochester.

On Friday, September 14, 2007, a letter from Dana Appling, Director of the Division of Ratepayer Advocates (“DRA”) was sent via hand delivery to Commissioners Bohn, Peevey, Chong, Grueneich, Simon and Assigned ALJ Linda Rochester. The letter is a response to California-American Water Company’s (“Cal Am”) August 13, 2007 letter concerning Cal Am’s rate consolidation proposal for the Sacramento and Larkfield Districts. The September 14, 2007 letter is attached as Exhibit 1. In accordance with Rule 8.3, DRA also electronically served the letter attached as Exhibit 1 on all parties to the proceeding on September 14, 2007.

Copies of this Notice can be obtained by calling or sending an e-mail to Sue Muniz at (415) 703-1858 (e-mail: sam@cpuc.ca.gov).

Respectfully submitted,

/s/ MARCELO POIRIER

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Marcelo Poirier  
Staff Counsel

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California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102  
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September 19, 2007

## **EXHIBIT 1**



## DRA

*Division of Ratepayer Advocates  
California Public Utilities Commission*

**Dana S. Appling, Director**

505 Van Ness Avenue  
San Francisco, CA 94102  
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<http://dra.ca.gov>

September 14, 2007

Commissioner John Bohn  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

RE: Applications 07-01-036 – 039: California American Water Larkfield/ Sacramento rate consolidation proposal

Dear Commissioner Bohn:

This letter is in response to California American Water's (California American) August 13, 2007 letter concerning their proposal to consolidate rates in the Larkfield District with those of the Sacramento District. The Division of Ratepayer Advocates (DRA) strongly opposes California American's rate consolidation proposal.

In its letter, California American grossly mischaracterizes the support for the rate consolidation proposal. California American states it has received support in the form of 926 petitions and postcards, approximately 40% of its customer base. After a cursory review of these documents, DRA found that California American has overstated the number of customers supporting the consolidation proposal by **nearly 200 customers**. California American failed to identify that many of the petitions and postcards were sent by the same individuals, resulting in a double count that considerably distorts the level of support.

In sharp contrast to California American's claim that an "overwhelming majority" of its customers support the consolidation proposal, the record shows widespread opposition from customers in **both** the Larkfield and Sacramento Districts. Customers from both districts have expressed their strong opposition at Public Participation Hearings and through letters and emails to the Public Advisors' Office. For example, at the Larkfield District Public Participation Hearing, the Administrative Law Judge noted that approximately 98% of those in attendance indicated they were opposed to the consolidation proposal.

Under California American's proposal, customers in the Sacramento District, which is over a hundred miles from the Larkfield District, will subsidize a drastic 40% decrease in the bills of Larkfield customers. The \$2 million yearly subsidy required to fund the rate decrease in the Larkfield District will unfairly burden Sacramento District ratepayers who already face steep increases in their water bills.

Approval of California American's rate consolidation proposal would set a dangerous precedent by breaking the link between rates and cost of service, thereby skewing the signal sent to ratepayers regarding the costs of their water use. Cost of Service is the foundation of the Commission's ratemaking principles and a crucial part of any effort to promote statewide water conservation.

DRA emphasizes that this is not a new proposal. California American previously requested authority to consolidate rates for its Larkfield and Sacramento Districts in 2002 and 2004. On both occasions, the Commission denied the consolidation requests. California American's rate consolidation proposal remains flawed and should be rejected by the Commission.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Dana Appling', with a long horizontal flourish extending to the right.

Dana Appling  
Director  
Division of Ratepayer Advocates

cc:     Comm. Chong  
         Comm. Grueneich  
         Comm. Peevey  
         Comm. Simon  
         Administrative Law Judge Linda Rochester  
         Service list: A.07-01-036 - 039

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **NOTICE OF EX PARTE COMMUNICATION OF THE DIVISION OF RATEPAYER ADVOCATES** in **A.07-01-036 et al.** by using the following service:

[ X ] E-Mail Service: sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

[ ] U.S. Mail Service: mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on September 19, 2007 at San Francisco, California.

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/s/ JANET V. ALVIAR

Janet V. Alviar

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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## Service List

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